

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AS-01 AF-08 ARA-10 EA-09 NEA-10

OIC-02 EB-07 AID-05 L-03 COME-00 SIL-01 LAB-04 TRSE-00

STR-04 SS-15 SP-02 H-02 NSC-05 CIAE-00 INR-07 NSAE-00

PA-02 USIA-15 PRS-01 OMB-01 ABF-01 IGA-02 OES-06

ERDA-07 NRC-07 /163 W
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TO SECSTATE WASHDC 8590

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UNCLAS SECTION 1 OF 2 VIENNA 3976

E.O. 11652: N/A

TAGS: PFOR, OCON, UNIDO, EAID, EIND

SUBJECT: TENTH SESSION, UNIDO INDUSTRIAL DEVELOPMENT BOARD;
COMPLETION OF DEBATE ON AGENDA ITEMS 6 AND 7;
DELEGATION REPORT NO. 8

REF: VIENNA 3935

1. SUMMARY: IN MOST ACTIVE DAY OF SESSION APRIL 28 IDB HELD
THREE PLENARY MEETINGS AND COMPLETED DEBATE ON AGENDA ITMES 6
AND 7, FOLLOW-UP TO LIMA DECLARATION AND PLAN OF ACTION AND
RECOMMENDATIONS OF SS-VII AND AGENDA ITEM 9, IGO'S AND NGO'S.
TWENTY-THREE SPEAKERS WERE HEARD. END SUMMARY.

2. DEBATE CENTERED ON THREE SUB-ITEMS OF AGENDA ITEMS 7 AND
8; THE PROPOSED SYSTEM OF CONSULTATIONS (ID/B/162), A DRAFT
GA RESOLUTION ESTABLISHING AN INDUSTRIAL DEVELOPMENT FUND
(ID/B/169 AND ADD. 1), AND TRANSFER OF INDUSTRIAL TECHNOLOGY
(ID/B/161). OPINIONS EXPRESSED BY MEMBERS OF BOARD ON
SYSTEM OF CONSULTATIONS WERE REMARKABLY UNIFORM IN CALLING
FOR A CAUTIOUS EXPERIMENTAL APPROACH TO CONSTRUCTING A SYSTEM
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OF CONSULTATIONS BASED ON STEP-BY-STEP EXPERIENCE AND

MAKING FULL USE OF EXISTING INSTITUTIONS. NETHERLANDS (BOT) STRESSED THAT EMPLOYERS AS WELL AS EMPLOYEES SHOULD BE PARTICIPANTS IN CONSULTATIONS AND THAT PROLIFERATION OF INSTITUTIONS SHOULD BE AVOIDED, E.G., BY USING EXISTING REGIONAL COMMISSIONS FOR A REGIONAL AND SUB-REGIONAL CONSULTATIONS. HE NOTED IMPORTANCE OF MNC'S IN INDUSTRIALIZATION OF LDC'S AND URGED AGREEMENT ON CODE OF CONDUCT DEFINING RECIPROCAL RIGHTS AND DUTIES. TANZANIA (RUTHINDA), SPEAKING FOR AFRICAN GROUP, CALLED FOR GREATER EMPHASIS ON CONCEPT OF CONSULTATIONS AND LESS ON MECHANISMS TO BE EMPLOYED; HE CALLED FOR DEFINITION OF ROLE OF IDB IN SUPERVISING SYSTEM AND, TOGETHER WITH CHINA (YU PIE-WEN), FOR SPECIAL ATTENTION TO NEEDS OF LEAST DEVELOPED COUNTRIES. USSR (EROFEEV) SET LINE FOR SOCIALIST BLOC COMMENTS BY DESCRIBING SECTORAL APPROACH TO CONSULTATIONS AS "MOST REALISTIC" AND CALLING FOR IDB TO EXERCISE CONTROL OVER COURSE OF CONSULTATIONS. JAMAICA (BARNETT) CALLED FOR "GREAT CARE AND THOUGHT" IN SETTING UP SYSTEM OF CONSULTATIONS, BUT BELIEVED THAT WORK ON SECTORAL CONSULTATIONS SHOULD MEANWHILE GO FORWARD AND FROM BASE OF NEXT STEP.

3. U.S. (STIBRAVY) SAID THAT PROPOSED SYSTEM POSED PROBLEMS FOR USG, BUT THAT IT WOULD NEVERTHELESS BE WILLING HELP REALIZE SYSTEM'S POTENTIAL FOR CONCRETE POSITIVE ACTIONS. USG COULD NOT SUPPORT GOVERNMENT MANAGEMENT OF RELOCATION OF INDUSTRY, WHICH IN THE US WAS MATTER FOR PRIVATE SECTOR DECISIONS BASED, INTER ALIA, ON MARKET CONSIDERATIONS, TO WHICH PROPOSED SYSTEM PAID MINIMUM ATTENTION. ESTABLISHMENT OF ELABORATE NEW MACHINERY WAS UNNECESSARY AND PREMATURE; INITIAL STEP SHOULD FOCUS ON SHARED RESEARCH IN CAREFULLY SELECTED INDUSTRIAL SECTORS, WITH RESULTS WIDELY DISSEMINATED TO FACILITATE DIRECT NEGOTIATIONS BETWEEN INTERESTED PARTIES. USG WOULD BE WILLING SUBMIT AVAILABLE DATA TO UNIDO FOR USE IN SECTORAL STUDIES AND FACILITATE PARTICIPATION OF US EXPERTS. JAPAN (KATORE) EMPHASIZED THAT JAPANESE INDUSTRY, BASED ON PRIVATE SECTOR INITIATIVE, WOULD GRADUALLY MOVE OUT TO LDC'S WITH OR WITHOUT UNIDO SYSTEM OF CONSULTATIONS; JAPAN UNCLASSIFIED

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WAS PREPARED COOPERATE IN ESTABLISHING SUCH SYSTEM WITHIN FRAMEWORK OF FREE-MARKET SYSTE. CREATION OF NEW MACHINERY FOR CONSULTATIONS SHOULD BE HELD IN ABEYANCE PENDING EXPERIENCE AT SECTORAL LEVEL. SWITZERLAND (VON SCHENK) CRITIZED PROPOSED SYSTEM AS TOO THEORETICAL AND NOT CORRESPONDING TO REALITY; SWISS COULD AGREE WITH IDEA OF SECTORAL CONSULTATIONS BUT REJECTED BROAD SCOPE OF SECRETARIAT PROPOSALS. MEXICO

(EILCOX PENA) AND INDONESIA (SEDIONO) WERE CRITICAL OF BROAD SCOPE AND COMPLEXITY OF PROPOSED SYSTEM OF CONSULTATIONS AND OF LACK OF REFERENCE TO ROLE OF IDB IN SUPERVISION OF SYSTEM; INDONESIA HELD THAT GOVERNMENTS SHOULD CREATE FAVORABLE CLIMATE IN CONSULTATIONS TO ATTRACT PARTICIPATION OF PRIVATE SECTOR. PHILIPPINES (SIAZON) BELIEVED THAT SYSTEM OF CONSULTATIONS REQUIRED FULLEST CONSIDERATION BY GOVTS; UNIDO SHOULD PROCEED WITH SECTORAL STUDIES AND IDB COULD TAKE UP CONSIDERATION OF SYSTEM AT RESUMED SESSION IN SEPTEMBER. POLAND (KAPUSCINSKI), BYELORUSSIA (RUDNIK), HUNGARY (SOMJEN) AND GDR (RUTHE) GAVE IDEOLOGICAL CONTENT OF SOCIALIST BLOC POSITION BY HOLDING THAT SYSTEM OF CONSULTATIONS COULD BE USED "MODIFY AND CORRECT" FAULTY WORKING OF MARKET MECHANISM BY PROMOTING INDUSTRIAL DEVELOPMENT "IN THE PROPER DIRECTION," I.E. INCREASING ROLE OF STATE SECTOR.

4. DEBATE ON PROPOSED GA RESOLUTION ESTABLISHING INDUSTRIAL DEVELOPMENT FUND CENTERED ON DISAGREEMENT BETWEEN LDC'S AND SOCIALIST BLOC ON LIMITING CONTRIBUTIONS TO CONVERTIBLE CURRENCIES ONLY. IN OTHER COMMENTS, PERU EXPRESSED ASSUMPTION THAT IDB WOULD CONTROL FUND, FRG WISHED HIGH PRIORITY BE GIVEN TO USING FUND FOR BENEFIT OF LEAST DEVELOPED COUNTRIES, NORWAR (HJELDE), SPEAKING

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ALSO FOR DENMARK AND SWEDEN, CALLED FOR CLOSE COORDINATION OF FUND ACTIVITIES WITH THOSE OF UNDP, WITH PROGRAM OF FUND SUBJECT TO APPROVAL BY IDB AND PAKISTAN (EZDIE), EXPRESSING HOPE THAT FUND WOULD QUICKLY ESTABLISH ADDITIONAL RESOURCES FOR TECHNICAL ASSISTANCE, OBSERVED THAT DELAY IN FOLLOW-UP TO LIMA DECLARATION RECOMMENDATIONS WAS TANTAMOUNT TO DENYING THEM. MOST INTERESTING COMMENT AND PROPOSALS CAME FROM PHILIPPINES (SIAZON); HE HELD THAT ESTABLISHMENT OF FUND WAS MOST IMPORTANT MATTER TO COME BEFORE IDB-X AND THAT IT COULD BE APPROACHED EITHER IN CONTEXT OF CURRENT UNIDO POSITION AS PART OF THE UN OR IN THAT OF UNIDO AS SPECIALIZED AGENCY; SINCE LATTER ASPECT WAS IN PURVIEW OF INTERGOVERNMENTAL COMMITTEE ON UNIDO CONSTITUTION (IGC) BOARD SHOULD CONFINE ITSELF TO CONTEXT OF CURRENT UNIDO; SIAZON FURTHER PROPOSED THAT UNIDO ADOPT SYSTEM FOR FINANCING OF FUND SIMILAR TO THAT OF IAEA, WITH BOARD ADOPTING ANNUAL TARGET AND LEVEL OF EXPENDITURES AND MEMBERS CONTRIBUTING TO FUND AMOUNTS PROPORTIONAL TO THEIR ASSESSED CONTRIBUTION TO REACH DESIRED FUNDING TARGET. (COMMENT: SIAZON'S UNCLASSIFIED

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FOCUS ON GA RESOLUTION AS LIMITED TO LIFESPAN OF CURRENT UNIDO EVIDENTLY REFLECTED G-77 VIEWS AND EASED THAT GROUP'S DECISION TO GO ALONG WITH A RESOLUTION NOT ENTIRELY TO ITS LIKING; ON OTHER HAND, HIS SURFACING OF IAEA PROCEDURE FOR FINANCING OF FUND, COUPLED WITH MENTION OF IGC, INDICATES THAT ISSUE OF FUND REMAINS VERY MUCH ALIVE IN CONTEXT OF NEGOTIATIONS ON SA CONSTITUTION. SIAZON WILL ALMOST CERTAINLY FLOAT IAEA-TYPE PROPOSAL AT JUNE SESSION OF IGC, PROBABLY WITH FULL G-77 SUPPORT. END COMMENT).

5. DEBATE ON TRANSFER OF TECHNOLOGY WAS BRIEF AND RAISED NO NEW ISSUES. PERU (CASTPLLO) THOUGHT UNIDO WAS PERFORMING USEFUL SERVICE IN CREATING LINKS BETWEEN RESEARCH INSTITUTIONS IN LDC'S AND THOSE IN DC'S, WHILE FRG, NORWAY AND PHILIPPINES WERE ANXIOUS TO SEE EVIDENCE OF CLOSER COOPERATION AND DELINIATION OF RESPONSIBILITY BETWEEN UNIDO AND UNCTAD; ALL THREE MEMBERS WERE CRITICAL THAT NO ACTION HAD BEEN TAKEN TO BEGIN JOINT STUDY WITH GOVERNMENTS CALLED FOR BY SS-VII.

6. IN OTHER COMMENT WORTHY OF NOTE, FRG, IN REFERRING TO

CRUCIAL ISSUES RAISED AT FIRST AND SECOND SESSIONS OF IGC, REPEATED WARNING THAT FRG WOULD HAVE GREAT DIFFICULTY IN ACCEPTING DRAFT CONSTITUTION THAT WAS NOT ACCEPTABLE TO ALL OTHER MEMBERS; SWITZERLAND, REFERRING TO STATEMENT BY UNDP REP. HARLAND WHICH PROMISED THAT UNIDO'S 1976 PROGRAM WOULD BE MAINTAINED AT 99 PERCENT OF 1975 LEVEL, SLYLY OBSERVED THAT EX DIR KHANE MUST BE HAPPY TO KNOW THAT HIS REORGANIZED AND MORE EFFICIENT SECRETARIAT WOULD NOT HAVE TO CURTAIL ITS ACTIVITIES DUE TO LACK OF FUNDS. EX DIR KHANE TOOK UP THIS POINT IN COURSE OF REPLY TO QUESTIONS RAISED BY INDIVIDUAL DELS; HE WAS CLEARLY UNCOMFORTABLE AT BEING FACED WITH REPLY TO SWISS COMMENT AND IN RAMBLING, CIRCUMLOCUTORY FASHION CONTRIVED TO GIVE IMPRESSION THAT, ALTHOUGH UNIDO IMPLEMENTATION MIGHT WELL FALL SHORT OF UNDP CEILING INDICATED BY HARLAND, FAULT WOULD LIE WITH "INFLEXIBILITY" OF UNDP PROCEDURES.

7. BOARD ALSO COMPLETED AGENDA ITEM 9, INTERGOVERNMENTAL
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AND NON-GOVERNMENTAL ORGANIZATIONS, BY DEFERRING ACTION ON APPLICATIONS FOR ASSOCIATION WITH UNIDO OF INTERNATIONAL CENTER FOR PUBLIC ENTERPRISES IN DEVELOPING COUNTRIES AND INTERNATIONAL COUNCIL ON PUBLIC WELFARE PENDING FURTHER INFO ON THEIR STATUS AND ACTIVITIES. INTERNATIONAL HOTEL ASSOCIATION POSTPONED ITS APPLICATION FOR CONSULTATIVE STATUS PENDING SUBMISSION OF FURTHER INFO ON ITS ACTIVITIES IN FIELD OF INDUSTRY. STIBRAVY

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